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PROBLEM:

1. To recommend Agency policy in providing basic furnishings for Organizational living quarters and personally leased living quarters overseas.

DEFINITIONS:

2. Tab A defines terms as applied in this study.

FACTORS BEARING ON THE PROBLEM:

3. Agency [] regulations do not specifically state that the Agency will provide furnishings for Organizational quarters nor prohibit the Agency from providing furnishings in privately leased quarters. Agency [] regulations do state that:
 - a. Headquarters will determine whether it is in the best interest of the Government to provide basic furnishings in Organizational quarters [].
 - b. If the cover facility does not provide furnished quarters, each employee will take his own furniture. In such cases, the Agency will limit issue of [] items to major appliances such as stoves, refrigerators and washing machines [].
 - c. If the cover facility does provide furnished quarters, Agency personnel will obtain such quarters from the cover facility [].
 - d. Exceptions to the policies stated in paragraphs 3b and 3c immediately above may be made in individual cases when justified for reasons of Government economy, operational requirements or security [].
4. In contrast with Agency [] regulations, Bureau of the Budget Revised Circular No. A-15 (Tab A) has the impact that as normal policy, the Government will provide furnishings in Government housekeeping quarters outside the United States but will not provide furnishings in non-Government quarters so located. Specifically, the Circular states as exceptions that:

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GROUP 1 Excluded from automatic downgrading and declassification

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- a. The Government may provide unfurnished or partly furnished quarters (to allow shipment of personally owned furnishings) at locations where personnel are expected to remain four years or more (paragraph 5a, DOD Revised Circular No. A-15).
 - b. The Government may provide unfurnished or partly furnished quarters (to allow shipment of personally owned furnishings) when an Agency head determines that such action is advantageous to the Government because of economy, equity and morale (paragraph 5b, DOD Revised Circular No. A-15).
 - c. The Government may provide furnishings in non-Government quarters at specific locations when the head of an agency determines that such action is clearly advantageous to the Government because of economy, equity and morale (paragraph 5c, DOD Revised Circular No. A-15).
5. Paragraph 5f, DOD Revised Circular No. A-15, states that the Government may provide furnishings in Government quarters in Alaska and Hawaii when the head of an agency determines that such action is advantageous to the Government.
 6. The policy of the Organization is to provide decent, comfortable, but modest housing for its employees overseas. This is to be accomplished through the payment of a quarters allowance, or through the provision of housing owned or controlled by this Organization or the cover organization [redacted].
 7. The Agency has established:
 - a. Maximum dollar allowances to be expended for furnishings for each employee by grade (Attachment 1, [redacted])
 - b. Maximum weight limitations for shipment and storage of personal effects [redacted]
 - c. Temporary lodging allowances (TLA) of three months after first arrival at a new post in a foreign area and one month immediately preceding departure from the post [redacted]. Tab C is an extract of Standardized Regulations (Government Civilians, Foreign Areas), the source of TLA for the Agency.
 8. When the Agency provides furnishings, the employee receives the same allowance entitlement by grade regardless of cover.
 9. The weight allowance for shipment and storage of household effects is identical by grade for [redacted] employees.

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10. In the past, Agency studies and individual employees have justified Government provision of furnishings in overseas living quarters by showing that moving employees' household effects or paying employees' temporary lodging allowances (TIA) resulted in greater cost to the Government. In the cases examined, the justifications were invalid because the maximum weight allowance or the entire TIA was used in forecasting the cost.
11. Examination of actual weight allowance and TIA use figures show that employees' average use is a small percentage of each of the allowances. The Office of Personnel has determined that the average Agency employee overseas is a GS-10. This average employee:
 - a. Ships only 27.9 percent of his weight allowance for household effects if his family accompanies him (paragraph 3, Tab D).
 - b. Uses 46.5 percent of his reduced weight allowance if his family does not accompany him (paragraph 3, Tab D).
 - c. Utilizes approximately 55 percent of his weight allowance if he ships all personally owned household effects shown on Agency records--shipped plus stored (paragraphs 4 and 5, Tab D).
 - d. Utilizes an average of 16.9 percent of his TIA if he is a [redacted] [redacted] (paragraph 3, Tab E).
 - e. Uses an average of 15.3 percent of his TIA if he is an [redacted] (paragraph 4, Tab E).
12. The actual usage rates in paragraph 11 immediately above invalidate the cost of weight allowance shipped and TIA utilized as justifications for Agency-provided furnishings in living quarters overseas.
13. Consolidated reports to Headquarters from field components do not identify separately cost data on acquisition, transportation, storage, repair and overhead for Agency-owned furnishings overseas. The Agency's investment in this property can be established precisely only by requesting the information from each field component. Tab F is an expanded discussion of these cost considerations.
14. Headquarters does have accurate information on:
 - a. The average weight of household effects which each [redacted] employee ships overseas by area division (paragraph 4, Tab D).

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- b. The average weight of household effects which each [] employee stores by area division (paragraph 5, Tab D).
- c. [] charges on a flat-fee basis for shipments of household effects from the United States to foreign areas and between locations within foreign areas (Tab G).
- d. Charges for preparation of household effects for shipment or storage and costs of storage (Tab H).
- e. Transportation costs which the [] assesses for movement of the household effects of [] employees (Tab I).

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15. Agency support personnel, who have successfully accomplished acquisition and maintenance of living-quarters furnishings overseas, have made these conservative estimates:

- a. The minimum maintenance cost of living-quarters furnishings overseas is 15 percent per year of an Agency employee's furnishings allowance (paragraph 8b, Tab F).
- b. Overhead costs for maintenance and repair of living-quarters furnishings overseas is a minimum of 10 percent per year of the appropriate furnishings allowance by grade (paragraph 11, Tab F).
- c. The average life expectancy of Agency-owned furnishings in living quarters (worldwide) is five years (Tab J).

16. Application of the estimated cost rates of paragraph 15 to the known values of paragraph 14 above establishes a basis for comparing the cost of Agency-provided furnishings with the cost of shipping employees' privately owned furnishings (Tab K).

17. The cost comparison establishes that shipping an employee's privately owned household effects is clearly advantageous to the Government. Providing Agency-owned furnishings for [] personnel averages 51.4 percent greater cost. Providing Agency-owned furnishings for [] personnel averages 114.9 percent greater cost.

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18. Exceptions to the cost comparison results may occur on large base-type stations where furnishings remain in quarters for the use of succeeding tenants. In this situation, maintenance costs will logically be lower than the Agency worldwide average. By the same reasoning, life expectancy of furnishings should be somewhat greater. Such exceptions should be determined from specific data developed by each overseas base in question and be the subject of a separate study.

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20. The provision or nonprovision of furnishings overseas can be a major morale factor for employees and their dependents. Practicalities permitting, all employees should receive equal benefits by grade under given living conditions. Responsibility for assuring equity and morale is inherent in the assigned duty of the Chief of Station. Headquarters should consider his views on these subjects in making any exceptions to the policy on furnishings.

21. Gold flow restrictions [] were explored relative to providing Agency-owned furnishings in living quarters overseas. These restrictions have no significant bearing on the results of the study.

CONCLUSIONS:

22. As a general policy, it is advantageous to the Government for the Agency to ship Agency employees' privately owned furnishings overseas when employees will occupy either organizational housekeeping quarters or privately leased housekeeping quarters.
23. Headquarters should determine exceptions to the provisions of paragraph 22 immediately above based on considerations of Government economy, operational requirements, security, cover, employee equity and employee morale.
24. As a basis for determining exceptions to the furnishings policy (paragraph 22 above) Headquarters should maintain these current data for each overseas location:
- Total cost of Agency-owned furnishings on hand.
 - Annual cost for maintenance and service of furnishings per employee occupying housekeeping quarters.
 - Overhead cost for operation of the furnishings program per employee occupying housekeeping quarters.
 - The life expectancy of furnishings at the location.

RECOMMENDATIONS:

25. Revise the appropriate Agency regulations so as to reflect the conclusions of paragraphs 22 and 23 above.

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26. Require all Agency components overseas to submit an annual report to Headquarters containing the data described in paragraph 24 above.
27. Living-quarters furniture currently in use, which does not satisfy the criteria of paragraphs 22 and 23 above, will be continued in use but will not be replaced or rebuilt.

28.

Attachments:

Tabs A through K
(See Tab Index)

Paragraphs 25 through 28 are approved:

Date

L. E. WHITE
Deputy Director
for Support

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